Message Text

SECRET

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W

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O 091720Z SEP 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC IMMEDIATE 6898

INFO AMEMBASSY TEL AVIV IMMEDIATE

SECRET CAIRO 12170

EXDIS

E.O. 11652: GDS

TAGS: PFOR, IS, US, EG

SUBJECT: ISRAELI HARASSMENT IN GULF OF SUEZ

REF A) TEL AVIV 6215 B) CAIRO 12028

1. RE PARA 4 REF A ROSS CRAIG OF AMOCO HAS TOLD US THAT WHILE AMOCO MIGHT CLAIM FORCE MAJEURE AS REASON FOR NOT BEING ABLE CARRY OUT EXPLORATION, MINPET HILAL HAS TOLD HIM GOE WOULD NOT AGREE, SINCE PRE-1967 CONTRACTS DID NOT HAVE CALUSE CITED BY RABIN IN PARA 7 TEL AVIV 6187, WHICH CONCERNED POST-1973 CONCESSIONS. CRAIG'S OWN SUGGESTION WAS DESCRIBED PARA 3 REF B, BUT THIS WOULD ALSO REQUIRE EGYPTIAN AGREEMENT. AS OF NOW, CRAIG BELIEVES SEPT 21 IS FIRM TERMINATION DATE.

2. OUR UNDERSTANDING ON AMOCO'S FUTURE INTENTIONS IS THAT IT INTENDS DRILL AT 304.1 AND 304.13 AS WELL AS ONE OTHER WELL IN BLOCK 304. IT ALSO PLANS TO DRILL IN BLOCK 313, WHICH IS DIRECTLY SOUTH OF 304 (SEE PARA 7 REF B). ALL BLOCKS CITED ARE PART OF RAMADAN FIELD AND NEW WELLS ARE INTENDED TO DETERMINE EXTENT OF FIELD. INTERESTINGLY, ISRAELI RIG WHICH DRILLED DRY WELL OFF AT TUR IS NOW APPARENTLY POSIED OVER EXTREME EASTERN PORTION OF BLOCK 304, WHICH IS PART OF AMOCO'S LATER 1974 CONCESSION, WHICH WOULD SUGGEST ISRAELIS MAY ALSO INTEN TO TAP INTO RAMADAN FIELD. SUGGEST DEPT DISCUSS THESE PLANS WITH AMOCO HEAD OFFICE TO MAKE SURE CRAIG HAS ACCURATELY REFLECTED HIS INSTRUCTIONS.

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3. WITH REGARD TO RABIN/EVRON SUGGESTIONS ON PRACTICAL SOLUTION, BOTH GOE AND AMOCO WOULD CLEARLY BE UNHAPPY AT ANY RESTRICTION ON PIGHTS

TO EXOKIUT CONCESSION, BUT THEY SEEM EFFECTIVELY FRUSTRATED BY ISRAELI ACTIONS AT THIS POINT.

AMOCO MIGHT BE WILLING TO GO ALONG WITH AN EXPANDED VERSION OF RABIN/EVRON IDEA IF IT PERMITTED COMPANY TO DRILL ANYWHERE IN ITS $1964\,$

CONCESSIONS WEST OF LINE IN GULF PARALLELING MOST EASTERLY WELLS IN M ORGAN

FIELD (THIS IS ONLY EMBASSY'S OWN IDEA AND HAS NOT BEEN MENTIONED TO AMOCO). GOE WOULD PROTEST AT SUCH AN ARRANGEMENT BUT THERE IS LITTLE IT CAN DO WITHOUT SETTING OFF MAJOR FRACAS. USG AND AMOCO WOULD OF COURSE HAVE TO HEAVILY CAVEAT SUCH A DEAL TO PROTECT OUR LEGAL POSITIONS. BASIC QUESTION SEEMS TO BE WHETHER WE SHOULD OPT FOR POSSIBLE TEMPORIZING PRACTICAL ARRANGEMENT OR WHETHER OUR LEGAL POSITION IS OF SUCH OVERRIDING IMPORTANCE THAT WE CANNOT PERMIT IT TO BE COMPROMISED. WE BELIEVE THAT GOE POSITION WOULD BE TO HAVE ITS CAKE AND EAT IT TOO, WHICH DOES NOT APPEAR POSSIBLE. HOWEVER, GOE AND ESPICALLY HILAL ARE COUNTING ON ADDITIONAL OIL FINDS IN GULF TO MEET THEIR PROMISED MILLION BARRLES PER DAY IN 1980, AND THEY MIGHT THEREFORE GRUDGINGLY GO ALONG WITH PRACTICAL SOLUTION, PROVIDED IT WERE SUFFICINETLY ATTRACTIVE (ONE WEL AT 304.1 WOULD NOT BE). I DO NOT LOOK FORWARD TO HAVING TO ARGUE THIS OUT WITH FAHMY. IF IT COMES TO THAT. **MATTHEWS**

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Message Attributes

Automatic Decaptioning: Z Capture Date: 01 JAN 1994 Channel Indicators: n/a

Current Classification: UNCLASSIFIED

Concepts: SHIP HARASSMENT, PETROLEUM CONCESSIONS, OFFSHORE OIL FIELDS, EXPLORATORY DRILLING

Control Number: n/a Copy: SINGLE Draft Date: 09 SEP 1976 Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW Disposition Action: RELEASED Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CAIRO12170

Document Number: 1976CAIRO12170
Document Source: CORE
Document Unique ID: 00

Drafter: n/a Enclosure: n/a Executive Order: GS Errors: N/A

Film Number: D760341-0048

From: CAIRO

Handling Restrictions: n/a

Image Path:

Legacy Key: link1976/newtext/t19760979/aaaacphh.tel Line Count: 88

Locator: TEXT ON-LINE, ON MICROFILM Office: ACTION SS

Original Classification: SECRET Original Handling Restrictions: EXDIS Original Previous Classification: n/a Original Previous Handling Restrictions: n/a

Page Count: 2

Previous Channel Indicators: n/a
Previous Classification: SECRET Previous Handling Restrictions: EXDIS
Reference: 76 TEL AVIV 6215, 76 CAIRO 12028
Review Action: RELEASED, APPROVED
Review Authority: CunninFX

Review Comment: n/a Review Content Flags: Review Date: 10 JUN 2004

Review Event:

Review Exemptions: n/a
Review History: RELEASED <10 JUN 2004 by ellisoob>; APPROVED <06 OCT 2004 by CunninFX>

Review Markings:

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MÁY 2006

Review Media Identifier: Review Referrals: n/a Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

Secure: OPEN Status: NATIVE

Subject: ISRAELI HARASSMENT IN GULF OF SUEZ

TAGS: PFOR, ENRG, IS, EG, US, AMOCO To: STATE

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006